

# HOUSE BILL REPORT

## HB 1135

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**As Reported by House Committee On:**  
Local Government

**Title:** An act relating to authorizing impact fee revenue to fund improvements to bicycle and pedestrian facilities.

**Brief Description:** Authorizing impact fee revenue to fund improvements to bicycle and pedestrian facilities.

**Sponsors:** Representatives Slatter, Walen, Reed, Berry, Ramel, Fitzgibbon, Doglio, Wylie, Pollet, Kloba and Tharinger.

**Brief History:**

**Committee Activity:**

Local Government: 1/18/23, 1/20/23 [DP].

**Brief Summary of Bill**

- Adds bicycle and pedestrian facilities that were designed with multimodal commuting as an intended use as public facilities for which impact fees can be used.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 4 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Berg and Riccelli.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Goehner, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Griffey.

**Staff:** Kellen Wright (786-7134).

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Impact fees are one-time charges assessed by a local government on a new development to help pay for the increased services that will be required because of that development. For example, if a new residential development would require increased school facilities for the new residents, then an impact fee could be assessed on the residential development to help pay for the facilities. Approval of a new development may be conditioned on the payment of impact fees.

Local governments planning under the Growth Management Act are authorized to impose impact fees for public streets and roads; publicly owned parks and recreation facilities; school facilities; and fire protection facilities. This authority is contingent on the local government revising its comprehensive plan to identify current deficiencies in public facilities serving existing development, and how those deficiencies will be eliminated within a reasonable period of time; the additional demands placed on existing public facilities by new development; and the additional public facility improvements required to serve new development. Impact fees may only be used on public facilities that are included in the capital facilities element of the comprehensive plan. The public facilities must be reasonably related to the new development, must reasonably benefit it, and must be designed to provide service areas to the community at large. The public facilities on which impact fees can be spent are public streets and roads; publicly owned parks, open space, and recreation facilities; school facilities; and fire protection facilities.

The ordinance establishing impact fees must include a schedule of impact fees for each type of development activity and the fee imposed for each kind of facility. The ordinance must also designate one or more reasonable geographic areas in which a defined set of public facilities provides service to developments within the area, and within which the local government will calculate and impose impact fees for different land use categories per unit of development. The ordinance must also provide that the fees can be adjusted in unique circumstances when it is fair to do so, and developers must be allowed to provide data and studies to support an adjustment of the fee.

These new facilities may not be solely financed through impact fees, and impact fees cannot be used to correct preexisting deficiencies in current public facilities. Fees can be used for public facilities costs that were previously incurred to the extent that the new development will be served by the facilities. The impact fees assessed on a new development may not exceed that share of the costs of a facility that are reasonably related to the service demands and needs of the new development. The local government may provide exemptions from impact fees for low-income housing, development of an early learning facility, or other development activities with a broad public purpose. If a waiver is provided, the fees for the development must normally be paid from other public funds. Generally, impact fees must be paid prior to construction, though, with some limitations, deferral of fee collection until later must be offered for new single-family residential construction.

Each type of impact fee collected must be kept in a separate account based on the type of public facility for which it was collected. Local governments that impose impact fees must

provide for an administrative process for appealing the fee, and the fee may be modified if it is determined that it is fair to do so. Local governments collecting impact fees must produce an annual report detailing the fees that have been collected and what the fees have been used for. If impact fees are not used within 10 years of collection, they generally must be returned. A developer who has paid an impact fee may receive a refund if the development does not proceed and no impact materializes.

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**Summary of Bill:**

Bicycle and pedestrian facilities that were designed with multimodal commuting as an intended use are added alongside streets and roads as public facilities on which impact fees can be spent.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is a sensible bill, clarifying that transportation impact fees can be spent on bicycle and pedestrian corridors off the right-of-way. If it is okay to spend transportation impact fees on bike lanes on the roadway, it should be okay to spend these fees on safer lanes separated from the road. Eastrail is an example of a trail with multimodal transportation options that is disconnected from the roadway. These kinds of multimodal corridors are becoming an increasingly important part of transportation systems. A safe and livable city includes improving multimodal commuting options, including multimodal corridors separated from the roadway. It is important to reshape cities to increase density. These can help to address climate change and allow people to get to work without greenhouse gas emissions. Developers are constructing along these corridors and they pay impact fees. Those fees should be able to be used to offset costs of multimodal corridors, and it makes sense to allow cities and counties to use these impact fees in the way that provides the best utility for residents. The most expensive use of transportation impact fees is to expand roads or intersections. Multimodal corridors can be far less expensive than new roads, and could lead to reduction in fees over time. New development should pay for new development. This bill does not change the calculation of impact fees or remove any safeguards around their use, it just says that when a jurisdiction changes its fee schedule, it can include these bicycle and pedestrian facilities outside of the roadway as part of plan. This provides flexibility for use of funds rather than changing the calculation of the fees.

(Opposed) Impact fees really drive up costs of homes. The state is in an affordable housing crisis and is trying to make housing attainable to first-time homebuyers and to improve affordability, but impact fees add to the costs. Historically, impact fees increase over time. This sounds like a good idea, but it should be paid for out of the general fund of the community that is benefiting from the new facilities. An impact fee would become an opportunity to disproportionately shift funding from the general fund on to developers.

**Persons Testifying:** (In support) Representative Vandana Slatter, prime sponsor; Cynthia Stewart, League of Women Voters of Washington; Briahna Murray and Angela Birney, City of Redmond; and Bryce Yadon, Futurewise.

(Opposed) Biil Stauffacher, Building Industry Association of Washington.

**Persons Signed In To Testify But Not Testifying:** None.